The Pizza Times

Volume Three, Issue Two June 1983

NEW ATTRACTIONS

Play'n Place —Just For Kids!

If you're under four and a half feet tall, there's an exciting world of fun awaiting called Play'n Place, Pizza Time's unique indoor playground. Originally called "playland," the first unit opened in Las Vegas #1 in May of last year. Presently, 53 Play'n Place attractions have opened or are under construction, with 90 planned to be in operation by the end of the year.

Play'n Place was developed by Bill Caldwell, special projects construction manager, who worked with architect Steve Lippert in designing the units to fit in Pizza Time Theatres. Designers Paul Mesternacher, Bill Stephenson, Tom Rogers and Carl Wesenberg draw up plans for individual stores. Pizza Time Theatres 10,000 square feet or larger in size can accommodate a Play'n Place. The play area may be either 32 by 50 feet or 40 by 60 feet in size. At 3,700 square feet, the St. Petersburg, Florida Play'n Place is the largest.

Up to 12 activities can be incorporated into a Play'n Place. The average installation features a ball crawl; slides; a small, gravity-powered roller coaster; a bounce floor and a suspension bridge.

Access to the attractions is by tokens and there is an attendant present to be sure everyone entering removes his shoes and plays safely.

Although the Play'n Place concept is just a year old, several changes have been made in the design to hold the line on cost and maintenance, according to Bill Caldwell. "The new units are structured around the use of high density foam rather than wood. That makes them 30 percent lower in cost and doesn't require painting. They're also prefabricated now to increase standardization and reduce construction time."

Centers that feature a Play'n Place find it becomes one of the most popular attractions. During its first 30 weeks of operations, the Lawton, Oklahoma store generated $50,840 in Play'n Place revenues. Not only is it a good source of revenue, but Play'n Place helps maintain Pizza Time's position as the leader in family entertainment.

Grand Opening For Cheese E. Street

Cheese E. Street, one of Pizza Time Theatre's newest attractions for young customers, has opened in four locations including Milwaukee, Wisconsin; San Jose (Kooser Road), California; Danvers, Massachusetts; and Norriton, Pennsylvania.

Standing 12 feet high, 32 feet wide and 20 feet deep, Cheese E. Street features a store front facade with an animated window display of a cheese factory scene. Children enter through a token-operated turnstile. Inside are tri-level crawls and passageways, an echo chamber, funhouse mirrors, a telephone that can be dialed to hear several melodies, spiral slides, a spinning crawl-through tube and various other features. These amusements, which will be updated periodically, include some educational play elements, as well.

"A windowed hallway along the side allows parents to watch their children as they explore the Cheese E. Street interior," commented creator Kip Atchley, special projects coordinator for the Games Department. "This ensures the children's safety and entertains the parents, as well," Atchley explained.

Kip Atchley, left, and his design partner, Reed Lawson officially open Cheese E. Street April 22 in the San Jose (Kooser Road) Pizza Time.

Many people assisted Atchley in the development of Cheese E. Street. Daved Garza, Jeff Severn and Karen Mitchell of the Graphics Department designed and produced signage, illustrations and interior design elements. Other artwork was created by senior illustrator Jack Nichols from the Entertainment Department. Consultant Gene Patrick, who produces musical shows for the Pizza Time Players, supplied the music and sound effects for the attraction.

Pete Mirrione and his staff from the Hollister manufacturing facility custom-built the prototype Cheese E. Street facade. A mold was made from the original wooden creation and now all facades are molded from fiberglass.

The first Cheese E. Street opened in April in the Milwaukee store. Franchised by R.C. Schmidt, the 20,000 square foot unit also features an extensive playland area.

The opening of the second Cheese E. Street in the San Jose (Kooser Road) store was celebrated with a ribbon-cutting ceremony on April 22. Within the first eleven days of opening, the attraction netted $3,400 with total store revenues up 24% from the same time last year. Franchise owner Tom Saltsman installed Cheese E. Street in his Danvers, Massachusetts location in April and franchise owner Murray Isadore recently opened his Norriton, Pennsylvania unit complete with Cheese E. Street in June.

Cheese E. Street will be installed in several larger company stores in Florida and Texas during the next 12 months.

Pizza Time's Games Subsidiary Is Sente Technologies

Sente Technologies is the name of Pizza Time Theatre, Inc.'s newly formed games manufacturing subsidiary. The word "Sente" (pronounced "cen-tay") is a term from the Japanese game of Go and is the equivalent of "checkmate" in chess.

To date, the games division includes a group of 28 research and design engineers and support staff under the direction of Roger Hector, Sente's vice president of engineering. The R&D group, located at 1289 Anvillwood Avenue in Sunnyvale, is developing ideas for coin-operated video games.

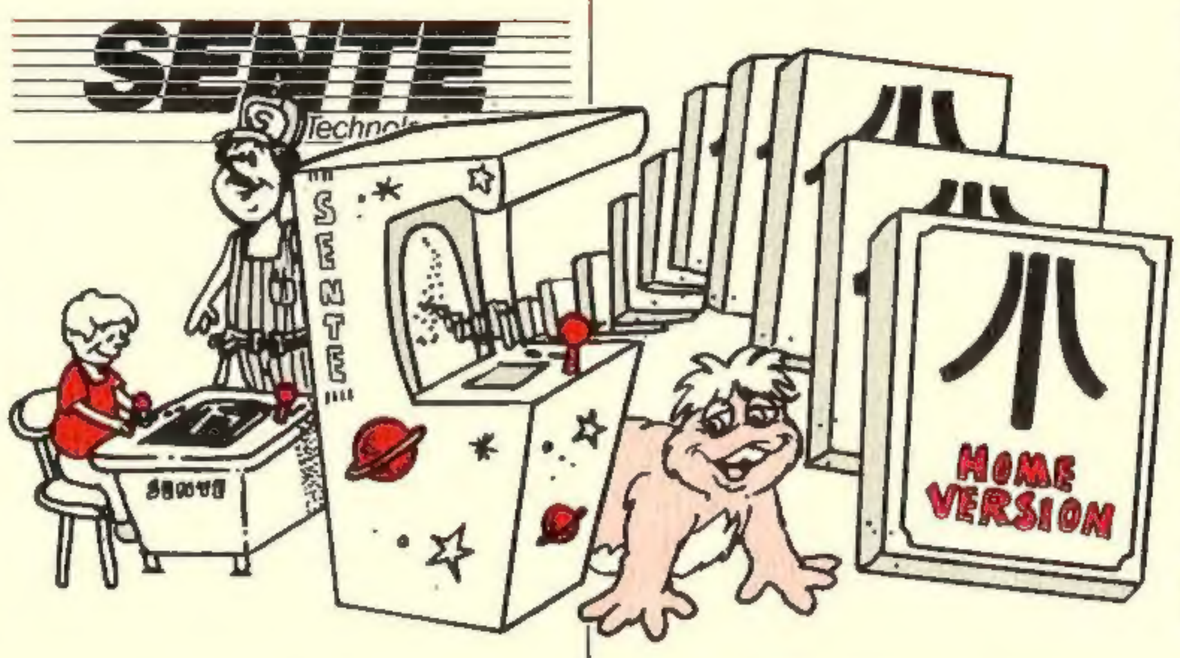
Also under the Sente umbrella is the manufacturing facility in Hollister. Currently, Chuck E. Cheese Roll games for Pizza Time Theatres and similar target bowling games for sale to outside customers are being built at the Hollister plant.

After October 1, 1983, the manufacturing of any video games developed by the R&D group will commence at the corporate manufacturing facility in Milpitas under the direction of John Impson, Pizza Time's vice president of manufacturing.

Sente's marketing and sales activities, under the direction of Bob Lundquist, Pizza Time's vice president of special projects, will begin after October 1 as well. According to Lundquist, Sente hopes to introduce a new game in October and two others by the end of the year.

When asked how ideas for new games are generated, Lundquist explained, "In a creative session, people from the R&D, manufacturing and marketing staffs get together and throw out a lot of ideas. With input from everyone, we boil them down to one or two possibilities." Lundquist also emphasized that Sente wants to hear from anyone in the company who has an idea for a game.

Sente is planning an inaugural celebration on October 1 at the Sunnyvale corporate headquarters. Festivities for the day will include game previews, a multi-media show and presentations from top management.



Pizza Time Announces Agreement With Atari

Pizza Time Theatre, Inc. and Atari, Inc. announced on May 26 an agreement under which Atari has purchased the consumer rights to coin-operated video games developed by Nolan Bushnell, Joseph Keenan, Pizza Time Theatre, Inc. and Sente Technologies, Inc.

Under this agreement, Atari will sell the home version of the coin-op games developed by Pizza Time. Pizza Time, through Sente Technologies, plans to begin marketing its new coin-op games after October 1.

Commenting on the agreement, Bushnell said, "I'm looking forward to our association with Atari. The combined strengths of our companies offer great opportunities for both of us."

From Haunted House To Fun House

Kip Atchley, creator and designer of Cheese E. Street, came to the job with unusual qualifications. Hired by Pizza Time in July of last year, Atchley, 25, is the creator and proprietor of the Haunted Halloween House in Napa, California. Started in a chicken coop on his parents' property when Atchley was only 12, the haunted house has grown trickier and more elaborate over the years and is now rivaled only by the multi-million dollar attraction at Disneyland. Atchley's friend Reed Lawson was the electronics wizard on the project and the two have worked together over the years enhancing and adding to the original haunted house.

The spooky attraction features a maze of darkened tunnels, a trap door where visitors plummet into a foam rubber pit, spinning floors, revolving barrels and elaborate sound effects. An electronic control room monitors the visitor's progress through the maze and turns on the special effects at strategic moments.

Atchley, who has worked at other jobs including marketing and sales for a surgical instrument company, admits to putting about $25,000 into the haunted house over the years but has never charged visitors to go through it. Says Atchley, "I gained a world of knowledge building the project, and have had lots of fun making people happy."

After Pizza Time's Chairman Nolan Bushnell toured the haunted house last summer, he approached Atchley with the idea of creating a fun house-fantasy land kind of attraction for Pizza Time Theatres. Nine months later the result of Atchley's fertile imagination is Cheese E. Street. Judging from the enthusiastic reception Cheese E. Street is getting from children and parents alike, Atchley is continuing to have fun making people happy.

Kip Atchley with a model of Cheese E. Street.

Many Attend Second Annual Meeting

More than 350 attended Pizza Time Theatre's second annual meeting, April 27 at the Tully Road store in San Jose.

On the agenda was the approval for the increase of the board of directors from six to seven members, and the election of the members; approval of the 1983 Employee Incentive Stock Option Plan; approval of the 1983 Non-statutory Stock Option Plan; and the ratification of appointment of auditors.

Board members elected are Nolan K. Bushnell, Joseph F. Keenan, Joseph F. Callahan, Wallace R. Hawley, Stephen H. Leiberman, Bruce H. Munro, and Donald T. Valentine.

The formal business was followed by a 40-minute question and answer session. In addition to store operations, discussion included plans for Sente Technologies, PTT's games subsidiary, and Kadrascope, the computer animation/cartoon project. Chairman Bushnell commented, "We see ourselves as a high technology company as well as a restaurant company." Bushnell closed the session by saying, "Pizza Time is a good company and we're excited about the future. We're going to make Pizza Time Theatre a household name. We're going to have a lot of fun bringing fun to the people of America."

Chairman of the board Nolan Bushnell tells a capacity crowd at the second annual meeting some of Pizza Time's plans for the future.

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Winners

Group Efforts Boost Sales

Dramatically increasing sales is both an individual and group effort. Two good examples of this come from the Eastern Region stores in Waterbury, Conn. and Brandon, Florida. With careful advance planning and hard work they were able to raise sales $20,000 in one week by taking advantage of school holidays.

In Waterbury, a school holiday from February 18th to the 26th was targeted as a good week for added sales. Three weeks prior to the date the store gave 17 tours and passed out 3,500 Chuck E. Bucks on nine character appearances in the community.

In addition, tours, birthdays and regular customers were always given a bounce-back coupon to encourage return visits. Chuck E. also regularly appeared at a regional shopping mall. All this, plus managers and a cast committed to customer entertainment, laid the groundwork for Waterbury's $55,000 in revenue for the week ending February 24.

On top of that base, groups, birthdays and fundraisers added incremental income of over $10,000. Eleven groups contributed $3,000 in sales. Over 1,600 birthday packages were sold, plus Super Buck sales added another $1,300. These three areas accounted for nearly 20 percent of sales.

Waterbury's sales plan was a success because of the teamwork of the entire cast, including district director Fran Maun; general manager Mel Tudryn; group coordinators Laurene Guerrera and Sue Mauro; and store managers Rezik Kharman, Phil Pettay and Allan Wight.

In Brandon, manager Guillermo Hernandez showed how one person can make a difference in sales. Guillermo booked a church group of 800 people at $5 per person during Thanksgiving week. In spite of being closed on that holiday, Brandon finished the sales week up $4,000.

During Easter week, Guillermo received encouragement from general manager Donna Laytart to book parties before and after operating hours. Using his days off and slow periods in his shift, Guillermo contacted every church in the Tampa Yellow Pages with a letter or phone call. Even though a special group package was approved for his use, sometimes it would take many calls to book the party.

The effort paid off, however, as Brandon had sensational Easter week sales of $45,000. The groups booked by Guillermo totalled $20,000, or 44 percent of sales. Following his success, Guillermo was promoted to general manager of the Tampa-Villages Pizza Time Theatre.

Chuck E. Runs For Kids

Pizza Time Theatre sponsored the 12th Annual Angel Island Run May 7 to help raise money for underprivileged children. The 4.8-mile race, held on a scenic island in San Francisco Bay, attracted over 1,500 participants, including Pat Saign and Don Schulte of marketing, Steve Merchant of finance, Tina Ahmann of wardrobe and Karen Mitchell of graphics, who organized the event. Don ran the entire race in the Chuck E. suit and finished in 44 minutes, actually beating many normally-attired runners.

Walk-around characters from the Redwood City Pizza Time rode over on the ferry and welcomed the arriving runners, hikers and picnickers. Also on hand was the 30-foot inflatable Chuck E. Cheese, which was set up on a hill, waving to passing sailboats.

Pictured: "Dancing Don Schulte, wearing the Chuck E. jogging outfit, waltzes across the finish line (with a little help from Diane Saign).

Chuck E.'s Pride Award Winners

The first quarter Chuck E.'s Pride Awards have been won by the Jackson, Miss., franchise store and the Sacramento (Arden Way) company store. It's the first time a unit in the South (outside Florida) or Northern California has won this prestigious award.

Selection of the franchise winner is made by Don Marks, franchise vice president, based on store inspection reports from district directors. Jerry Kenny, director of operations, makes the decision for company stores based on recommendations from the regional directors. Both decisions are based on overall excellence in operations of a Pizza Time Theatre.

The Jackson Pizza Time, which opened in August 1982, is franchised by Dick Ciaccio and Bill Melvin. Frank Peel is the general manager. Ross Albers, Wardell Dodd and Mike Gator are the managers. Kay Gribskov is the promotional coordinator. Ed Hmieleski is the franchise district director.

The Sacramento (Arden Way) store opened in February 1982. Dennis Clairmont is the general manager. Cliff Lewis and James Moore are the store managers, while David Crosswhite is the shift manager. Jody Christy is the group coordinator and Patrick Flannagan is the technician. The store is in district 3202 with Steve Troike, district director; Don Smith, regional service manager; Jerry Emerson, district service manager; and Candance Labane, marketing sales representative. Rick Sikorski is the Northern California regional marketing director.

In the lounge of the Jackson Pizza Time (above) are, back row, left to right: Darold Melvin, Wardell Dodd, Dick Ciaccio, Doris Ciaccio, Frank Peel, Ross Albers, Mike Gator, Sandy Melvin, and Bill Melvin. Middle row, left to right: Tony Melvin, Harris Magruder, Van Gunter, Glen Melvin, J.C. Wisznia, and Kay Gribskov. Front row, left to right: Allison Bullock, Katherine Sikes, Ashley Darmer, Melissa Gribskov, Amy Purser, and Chuck E. (Rodney Lane).

The entire cast of the Sacramento (Arden Way) Pizza Time (below) assembled for the presentation of the Chuck E.'s Pride Award, including Patrick Flannagan, second from left, and, center, left to right: Candance Labane, Jody Christy, David Crosswhite, Dennis Clairmont, Steve Troike, Cliff Lewis and James Moore.

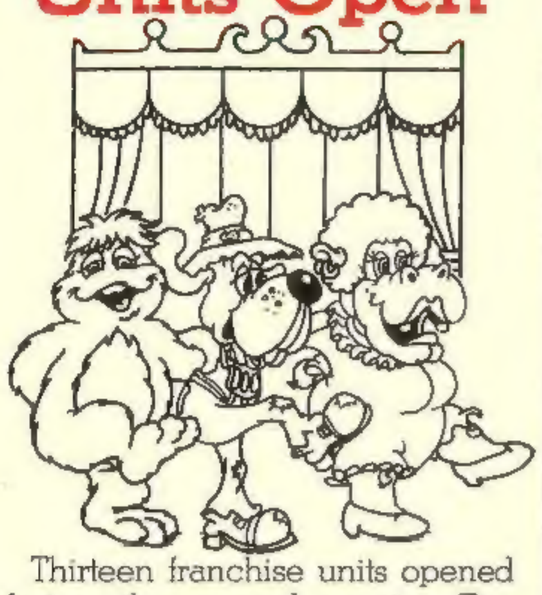
Pensacola's Award-Winning Tech

The Pensacola, Fla. store won the Game Room Operations Award for the Eastern Region in 1982. All of the credit for this honor goes to tech Craig Duck, who also was voted technician of the month for November.

In addition to maintaining all of the Cyberamics and games (the Pensacola store averages less than two percent of games down,) Craig has established excellent rapport with the staff and customers. He holds periodic meetings with the game room employees and often acts as chief game room attendant during the day.

Craig also designed the highly successful "Video-In-The-Dark" promotion for the store's Halloween party. In addition to all his work at Pizza Time, Craig attends school full-time, working toward his B.S. degree in electronics management.

Franchise Units Open



Thirteen franchise units opened during the second quarter. Tim Finnerty, Chuck E. Cheese Spokane Limited, opened his first unit in Spokane, Washington, while John Pera, Wencal Management, Inc., opened his second in Valencia, Ca.

R.C. Schmidt from Family Entertainment Centers of Wisconsin, opened his third unit in Milwaukee while Pat Hopf of Family Entertainment Centers opened units in Marlow Heights, Maryland and Virginia Beach, Virginia. Two more Minnesota stores were opened in Duluth and Richfield by Paul Justin and Eric Siegel of Minnesota Animated Theatres while Steve Sammons of Pizza Concepts opened two more New York stores in Johnson City and Schenectady.

Several other franchise groups opened theatres this quarter. Tom Saltsman's Pizza Time Partners Ltd. opened a theatre in Danvers, Massachusetts; Mike Ilitch's Little Caesar Enterprises opened one in Hoffman Estates, Illinois; Richard Berland's Family Showtime Theatre, Inc. opened a unit in Long Island, New York; and Murray Issadore's Showtime Services opened a store in East Norriton, Pennsylvania.

Franchise News

TV personality, Bob Braun, center, and representatives of the Special Olympics, thank Jim and Barbara Bernstein, third from left and second from right, of the Florence, Ky., store for their help in raising over $3,000 for the Special Olympics of Northern Kentucky.

Jan and Mike McGinnis of the Beaverton, Ore. franchise, display the Employee of the Year Award Mike received from the Association of Retarded Citizens for hiring the handicapped and helping with fundraising.

Franchise Advisory Committee Reorganizes

The Franchise Advisory Committee (FAC) and the Franchise Marketing Advisory Committee have been combined into one group for the purpose of increased representation. Pat Hopf of Family Entertainment Centers, Inc., and chairman of FAC said, "The merging of these two groups allows us to have a fully represented cross-section of opinions."

The newly reorganized committee met May 23 and 24 in Sunnyvale, California for discussions with corporate management on a series of topics including operations and marketing, promotional programs, national advertising, and new attractions. FAC members attending were Hopf, Donna and Frank Jones of The Northwest Company; Dick Ciacco of Jackson, Mississippi; Tom Pogemiller of Family Pizza Centers North, Inc.; Jimmy Rudulph of McNight Family Centers; Larry Rose of Restaurant Entertainment, Inc.; and Steve Sammons of Pizza Concepts, Inc.; Mike Ilitch of Little Caesar Enterprises was absent.

According to Hopf, "The session was very productive and informative, and one in which FAC began having significant input into decisions affecting the franchisees." In July, FAC elections will be held to select four new franchise representatives for one-year terms, and four for two-year terms. The first meeting of the newly elected FAC members will be on Monday, August 15 preceding the franchise principles meeting August 15, 16 and 17 at the Red Lion Inn in Sunnyvale.

Kadabrascope Takes Off

Pizza Time Theatre's computer animation studio is now up and running, according to Mike Hatcher, director of Kadabrascope. The project is picking up speed with the addition of experienced animators and computer artists.

Heading up art director Jack Nichol's animation team is Jamie Mitchell, assisted by Bob Pauley and Ernie Polo. Computer graphics coordinator Donna Cohen's team of video artists consists of Melody Rondeau and Jennifer Grey, who work on the "Tween" computer. This computer generates several "in-between" video frames for each key frame the animation staff provides. Video cartoons use 30 frames, or drawings, for each second the cartoon is being seen.

After the tween frames are generated, Trish Galvis-Assmus and Joneva Barry paint each frame using the "Tweep," or "in-between painter," computer. The final step in producing a cartoon rests with Anne Meisner, the recorder. Her computer takes all the animation produced on Tween and Tweep and combines it with the backgrounds on the Images painting system.

The final step is the addition of sound. This musical task is taken care of by Cyberamics animators Jeff Risk and Joe Conti, who provide lip-sync tracks. Recording engineer Matt Howe adds the final sound to the tape. Production coordinator Owen Roley keeps all aspects of the project on schedule.

The Kadabrascope staff recently completed an intensive six-week training session with computer programmers from the New York Institute of Technology, developers of Pizza Time's Computer Assisted Animation System. Kadabrascope's system is the largest of its kind in the United States and is one of the few in the world dedicated to doing final production on videotape, according to Sue Sparks, head of the delegation from N.Y.I.T.

The N.Y.I.T. crew instructed Kadabrascope's artists on the use of the animation system and assisted them on the production of Chuck E. Cheese's Christmas special, which will be seen in Pizza Time Theatres. They also helped with "Mr. Munch Says Please and Thank You," a whimsical look at good manners. These and other cartoons featuring the Pizza Time characters will be seen in the centers later this year.

Helen Henny Returns In New Show

Helen Henny's "Salute to Broadway Show" will premiere this month. Anyone who remembers her as being Pizza Time Theatre's first guest character may not recognize Helen's new look. Kathy Hopp, wardrobe supervisor, and Jul Kamen, cosmetic product designer, collaborated to give Helen a beak lift, a new hairdo and a much more glamorous wardrobe.

Helen Henny, along with the other Pizza Time Players, appears in front of twinkling marquee signs singing and dancing to such memorable Broadway tunes as "Tea For Two," "Makin' Whoopee," "A Pretty Girl Is Like A Melody," "Crazy Rhythm," "Fascinating Rhythm," and "I Got Rhythm."

Hoping a talent scout sitting in the audience will discover them, the Players put on a "bold and brash show that will reach out and grab the audience," explained animator Jeff Risk.

Chuck E. tries out the sound studio at the corporate office. The eight-track studio is used to record the characters' voices and mix music for Kadabrascope and the Cyberamics.

Jeff Severn — Drawing A Line On Chuck E.

Probably no one at Pizza Time Theatre is more familiar with Chuck E. Cheese than Jeffrey B. Severn, Graphic Department illustrator. Since July 1982, Jeff, 28, has worked on posters, ads, signs, the 1983 calendar and the 1982 annual report.

"Chuck E.'s really a lot of fun to draw," Jeff says, "But he's also one of the most challenging cartoon characters in terms of keeping his 'look' consistent from pose to pose." Although Chuck E. and that other famous rodent, Mickey Mouse, are similar species, The Big C is a much harder cartoon character to draw. "Mickey is really a simple character," Jeff explains. "Chuck E. is harder to draw because of the fold in his ears, his teeth and eyelids — all of which Mickey doesn't have. Little things like that, plus the shape of his nose, make him much harder to draw in different poses and keep him looking like the Chuck E. everyone knows."

Chuck E. has evolved quite a bit since his debut in 1977. When Jack Nichols, now art director for Kadabrascope, joined Pizza Time early last year as illustrator, he worked on softening Chuck E.'s appearance and started giving him more expressions than just the winking pose.

"The original Chuck E. Cheese looked too tough," Jeff says. "You almost wanted to hit him with a broomstick. Jack and I have worked on drawing him so he looks more approachable."

Despite his talent for cartooning, Jeff didn't start drawing until he was 22. At the time he was a student at Humbolt State College in Northern California earning a degree in science. Following graduation Jeff returned to the San Francisco Bay Area to attend art school. While there he perfected his skills by painting pictures of Walt Disney characters and giving them to girlfriends. "What always happened was I spent too much time painting and not enough time with my girlfriends," Jeff laments. "Right after I'd give them the picture they'd break up with me!"

Jeff's favorite projects for Pizza Time were the Children's Annual Report and the just-completed circus poster that will be sold in the general store. The Children's Annual Report has gotten a tremendous amount of favorable attention for its originality and the quality of its production. Several newspapers have reproduced Jeff's cartoons to illustrate feature stories on the Kid's Report. Jeff spent nearly 90 hours working on the watercolor paintings for the annual report.

Most of Jeff's personal work is fanciful scenes of children's fantasy characters. "My style is geared toward children's storybooks," Jeff says. A current project is writing and illustrating a children's book called "The Search." It's an amusing, often poignant story of Louis the turtle, who was born without a shell and his adventures in trying to find one.

When a new project comes up for Pizza Time's Graphics Department, Jeff will discuss the illustration needs with manager Daved Garza and graphic designer Karen Mitchell. "We're fortunate to have a really creative environment at Pizza Time," Jeff says. "It's very satisfying to know the work we do is helping Chuck E. Cheese get recognition all over the world."

PTT's Computer System — On Line And Growing

After a year and a half in the planning stages, the corporate computer center at 310 Caribbean Drive in Sunnyvale is up and running. The final selection of equipment and software was made last fall under the direction of Steve Merchant, director of management information services. An IBM 4341 system was installed in January. Software has been purchased from Xerox Computer Services for programs used in manufacturing, and from Management Science America for programs used in finance and accounting.

Corporate departments now on the system are Manufacturing (both the Milpitas and Hollister facilities), Distribution, Human Resources and Accounts Receivable. The functions performed by the computer include inventory control, work-in process reporting, materials requirement planning, order management, cost planning and control, purchasing, master production scheduling, production control, time keeping and general ledger accounting. In addition, the Human Resources Department uses the computer for record keeping, wage and salary administration, EEOC reporting and benefits administration.

The FasFax point of sale (POS) system installed in each of the company stores is also managed with the central computer system. According to Joe Allen, manager of POS systems, data polled from the stores now helps us keep track of item sales, revenues and labor hours for payroll. A system for automating labor scheduling, payroll, accounts payable and in-store management reporting is in the initial test stages.

Over the next six months, the Finance Department will have the following areas converted to on-line computer processing: accounts payable, general ledger and fixed assets. "With the implementation of in-house data processing, we expect to provide more control, better reporting, more timely closing of the books, and a better data base," commented Merchant. Currently, data processing for accounting is contracted for outside. By bringing it in-house, costs can be reduced up to 50%.

When asked what's in store for Pizza Time's information system of the future, Merchant replied, "Management is already very computer literate, which keeps us on the leading edge of technology. We look forward to the day when everyone who needs one will have a personal work station at their desk. In fact, we are already planning for the time when most offices will have terminals and we can use an electronic mail system."

In addition to Merchant and Allen, the corporate information services department includes Judy Haley, telcommunications coordinator; Cathy Olphs, Irma Phelps and Judy Stiavetti, attendants; Bill Wright, data processing manager; Ann Kennedy, senior systems analyst; Tom Graumann, systems administrator; Chris Stefani and Jody Stefani, operators (no relation); and Deidre Schubert, office systems analyst.

Pictured in the computer room at 310 Caribbean Drive in Sunnyvale are, left to right: Joe Allen, Chris Stefani and Tom Graumann.

Licensing Agreements Signed

Five companies have signed agreements to license Pizza Time Theatre merchandise, according to Pat Saign, marketing vice president. The firms are Talbot Toys and Meritus Toys, who will be making a variety of different sized and different priced toys; Jowa, a newly-formed division of Carter-Kennedy, who has the master apparel license; California Stuffed Toys, who'll make plush dolls; and Ero Industries, makers of pillows and slumber bags.

Pizza Time is also seriously negotiating with giant games manufacturer Milton-Bradley, as well as other companies. The initial product licenses will include plush toys, rack toys (small toys displayed on racks in stores), board games, puzzles, puppets, banks and novelty items.

"We're very enthusiastic about the companies who have license agreements with us," Saign said. "They're all among the best in their fields and will be putting quality Chuck E. Cheese merchandise in stores across the country. Everyone agrees that Chuck E. has the potential to duplicate the success of Strawberry Shortcake, Garfield the Cat, or the Smurfs."

Joint Venture In France

Pizza Time Theatre, Inc. has signed a letter of intent to establish a joint venture agreement with Jacques Borel International to develop Chuck E. Cheese's family restaurant and entertainment center in Paris.

Jacques Borel International, headquartered in France, is the fifth-ranked food service operator outside the U.S. with restaurant and hotel operations all over the world.

"We are very pleased to be in partnership with this top ranking leader in international food service, and look forward to opening the first Chuck E. Cheese's center in Paris by the end of the year," commented Jack Campbell, vice president, international of Pizza Time.

Additional international franchised units are expected to open by year end in England, Puerto Rico and Canada.

Marketing Update

To celebrate Chuck E. Cheese's sixth birthday, most company stores ran a two-pizzas-for-the-price-of-one promotion during May. The promotion was supported by television and newspaper advertising, flyers, and in-store mobiles. Besides being a real bargain for Chuck E. Cheese's guests, the two-for-one offer was a good opportunity to boost sales at a traditionally slow time of year.

$10 Million Sweepstakes

Throughout most of the summer, Pizza Time Theatres, in conjunction with Coca Cola USA, will run a $10 million "Smile America, Spell Chuck E. Cheese" game. To play the game, visitors are given, on request, game pieces and a collector sheet. Prizes are won by spelling out the names of the Pizza Time Players with game piece letters pasted on the collector sheet. Besides the cash prizes, participants can win Q-bert video games, personal computers, Androbot robots, large pizzas, pitchers of Coke and video game tokens.

"Our goal during this 10-week promotion is to increase sales by 15 percent and to build frequency during the summer period," commented Pat Saign, marketing vice president.

All company stores and some franchise units are participating in the promotion.

Sale Of Debentures Nets PTT $48.6 Million

A public offering of $50 million in convertible subordinated debentures was made on May 13. Underwritten by L.F. Rothschild, Unterberg, Towbin; Robertson, Colman & Stephens; and Alex, Brown & Sons, the offering was fully subscribed and sold out on the first day of the offering.

The Company netted $48,625,000 from the sale after expenses and fees. The proceeds will be used to repay bank debt, develop new company centers and for working capital purposes.

The debentures (or bonds) which pay the holder 8¼ percent interest on November 15 and May 15 each year, are convertible into common stock at $28 per share on or after May 15, 1984.

Chief financial officer Randy Pike commented, "We are very pleased at the enthusiasm and interest shown in the Company during our recently completed road show of information meetings for the financial community. The success of this offering will enable us to continue expansion, both in terms of Chuck E. Cheese's centers, and in research and development projects for Pizza Time Theatre, Inc."

The week before the offering, chairman Nolan Bushnell, president Joe Keenan, senior vice president George Hellick and Pike gave presentations in Los Angeles, San Francisco, Chicago, Minneapolis, Boston and New York, covering six cities in four days.

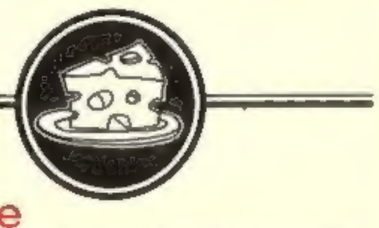
JUNIOR BOARD NEWS

President Joe Keenan introduces the junior board at the annual meeting (above). Pictured left to right are: Josh Bandfield, 8; Todd Sarner, 12; Geoffrey Tuffli, 10; Jackie Gladden, 9; Kimberly Edmonds, 11; and Gloria Nevarez, 11. Animator Jeff Risk (below, left) and Nolan Bushnell let board members try the Cyberamics programming controls in the animation studio.

Commodities Report

The following information was compiled by Linda Sako, director of food standards.

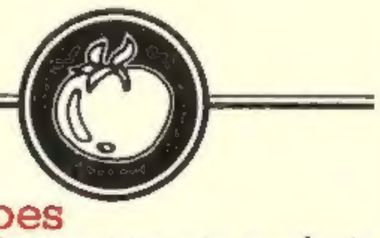
Food prices through March averaged 2.4% higher than a year ago. the pattern thus far indicates an overall increase of 4% throughout 1983, the same percentage that was experienced in 1982. This is the lowest annual increase since 1976, when prices advanced only 3.1% over the previous year.



Cheese

As expected, the cheddar market declined 2¢ per pound in February, and cheese manufacturers predict minimal fluctuations through October, 1983. Any 1983 changes in government support programs along with recently passed assessments against dairy farmers will help determine long term pricing effects.

In addition, Pizza Time Theatre will continue to enjoy small reductions in mozzarella prices due to efficiencies being passed on by the primary cheese manufacturer.



Tomatoes

Prices for most tomato products should remain stable through August as a result of contracting. The outlook for 83-84 is difficult to predict until all planting is complete and wet weather is behind us. Optimistic "guesstimators" predict 6.35 million tons of tomatoes to be processed in 1983 in California. Total California production for 1982 was 6.1 million tons.

Flour

Pizza Time Theatre will enjoy an 8% price reduction in flour beginning mid-June, which will remain stable into the 4th quarter. U.S. exports have remained at the predicted level for 1983 which, among many factors, has resulted in a steady market. Final readings of spring wheat plantings, particularly climatic and subsoil moisture conditions, are normally completed in July. At that time we'll have a more predictable outlook on the true savings PTT will experience through the end of 1983.

Beef & Pork

Consumer patterns coupled with supply and demand have created a "yo-yo" effect on the price of beef. While the number of feed cattle coming to market has been higher, experts predict shortages, and therefore higher prices by summer. A continual market strengthening may lead to price increases up to 8% before year end.

The pork market has a tendency to fluctuate more often due to the shorter raising period of 9 months versus cattle's 26-28 months. The market has been soft lately, showing small price declines. This may change ±5% over the next few months.

Freight

On April 1, the Interstate Commerce Commission approved truck freight rates which will result in increases averaging 5.7% nationwide. The hikes are designed to offset freight operators' higher costs, including the 5-cent-a-gallon gasoline and diesel taxes.

Paper

The industry has recently announced a 7% increase, most of which is due to the rising cost of utilities, labor, chemicals, and pulp. Pizza Time Theatre, however, is minimizing increases through protective contracts. Small increases may be experienced in the fall.

Starring the Stores

Chuck E. welcomes Mississippi governor William White to the Jackson store.

Using an old advertising idea, Chuck E. hits the pavement in front of the San Bernardino, Calif. Pizza Time wearing a "billboard vest," waving to passing motorists.

The lovely contestants in the Miss Huntington Park Pageant enjoy the Bell, Calif. Pizza Time's ball crawl with Dante D'eramo of the chamber of commerce.

Jessee Durham, center, general manager of the Tallahassee, Fla. Pizza Time, presents certificates for two Apple computers to representatives of a local school. The school bought the Apples through Pizza Time's computer program.

The El Paso Pizza Time sent Chuck E. to nearby White Sands, New Mexico to welcome the space shuttle astronauts back to earth.

The gang from Jacksonville, Fla. joins a parade celebrating the opening of the beaches.

Chuck E. greet kids at a department store in El Paso.

Gaithersburg, Md., mayor Bruce Goldensohn cuts the ribbon at the opening of Family Entertainment Center's 16th Pizza Time Theatre.

A trio of urban cowboys practice their quick-draw techniques at the San Antonio livestock parade.

In Waterbury, Connecticut, the Phantom Diner from the local "P.M. Magazine" show gave the store a "four-forks" rating, the highest possible. In Brandon, Florida, during Easter week a plastic egg was hidden every 15 minutes, with the finder getting a prize. Also in Florida, the Jacksonville store distributed 25,000 coupons for the Easter Seals. When customers brought in a coupon they got 28 tokens with the purchase of a large pizza and pitcher of soft drinks. The Easter Seals got a quarter for each coupon redeemed, earning a grand total of $500.

In Abilene, Texas, manager Robert Bell and 15 employees walked the entire distance in a walk-a-thon for the March of Dimes. The Capitola, California, store had three pinatas for kids to break during their Cinco de Mayo celebration. Everyone had a turn with the bat and every child went away with a cup of candy and tokens.

In Lake Worth, Florida, group coordinator Barbara Hayward got channel 5 news out to the store to film a segment called "Tuesday's Child," which highlights a local child who is up for adoption. The TV crew filmed the excited child going through the store. Channel 5 is that area's top station, with an audience of 67,000 for the news.

The Syracuse, New York, Chuck E. and the host of a children's TV show visited local schools promoting the Multiple Sclerosis Read-A-Thon. In Beaverton, Oregon, Chuck E. and the president of the Beaverton Rotary Club did an exhibition boxing match during the Junior Golden Gloves Championship. The Big C wore specially-made boxing shorts (with a four-foot waist he had to!). In nearby Portland, Munch and Chuck E. attended a big Easter egg hunt sponsored by a radio station.

The Illinois stores have been busy as well. In Loves Park, a computer night fund raiser for the Christian Life School raised $1,150. In Springfield Chuck E. raised money for the March of Dimes by being "jailed" in a mall and getting shoppers to donate "bail" money for this release. In Normal, the Illinois State wrestling squad held a team banquet. The Waukegan Chuck E. was detained by police while on a pre-opening stroll through a shopping center. It seems Chuck was pulled into a bank by admiring tellers. A bank official, not yet familiar with Chuck E. thought he was going to rob the bank and hit the alarm. After a long explanation to the police who quickly arrived, marketing director Monica Vogel was able to clear Chuck E. Moral: Don't walk Chuck E. near banks.

The Tallahassee, Florida, PTT helped a local school raise $835 from Super Bucks and $165 from a Computer Night toward an Apple II. The College Station, Texas, store provided a party with free pizza and tokens for Muscular Dystrophy poster children. In Lodi, California, the Little People's Convention—aimed at getting recognition for dwarfs—held a luncheon at Pizza Time. Actor Billy Barty ("Under the Rainbow") was one of the participants.

Chuck E. Cheese at Stone Mtn. Park Easter egg hunt held Sunday, April 3. The Stone Mtn. Park has held the record of four years straight of the world's largest Easter egg hunt - consisting of 4,000 people and 30,000, that's right, eggs! The people at Stone Mtn. park give a lot of credit to Mrs. Cathy Hayes for all of her hard work and time.

Chuck E. demonstrates good brushing habits while visiting a Philadelphia school to promote National Dental Health Month.

Chuck E. and friend, Gooney Bird, pose with volunteers at the Daytona Beach, Fla. Heart Association Jamboree.

Tyler, Tx. general manager, Randy Mullins and the Pizza Time Players get ready to start the March of Dimes charity race.

Those characters from Canoga Park, Calif. help out at a Wheel-A-Thon for the Physically Disabled.

Chuck E. gets a check up during his visit to the San Diego, Calif. Kaiser Hospital for Children's Cancer Clinic Day.

An excited youngster hugs his hero at a Dallas hospital.

Chuck E. greets his young friends at the Town & Country School for the Hearing Disabled in Tulsa, Ok.

Chuck E. pals around with his cousin, Topo the Androbot, at an exposition of Sunnyvale-based electronics companies.

A local canine ordinance keeps Jasper from mingling with sunbathers at a Pensacola, Fla. beach.

Chuck E., Munch and employees from the New Hartford, N.Y. Pizza Time entertain crowds in the St. Patrick's Day parade.

After a long delay cased by inclement weather, the Marinwood, Calif. Pizza Time Theatre opened May 2 with a benefit for the Dixie School District Little League, raising $3,285.70. From 5 p.m. to 9 p.m. the store donated all sales of food and beverage to the little league as a community goodwill gesture. Pictured: Chuck E. Cheese presents a ceremonial check to league president Phil Page, right. Also present are Skip Hall, left, district director, and Don Riley, far right, general manager. Not pictured are managers David Ashe and Eric Herlow, who were helping the new cast with their first night of capacity crowds!

Chuck E.'s mom, right, visited her son at the Waterbury, Conn. Pizza Time on Mother's Day.

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